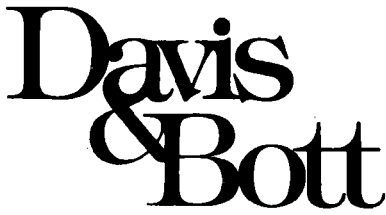


**Plymouth Town
June 30, 2006**

Table of Contents

	<u>Page No.</u>
Accountants' Review Report.....	1
Management's Discussion and Analysis.....	2 - 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	12
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Fund to the Statement of Activities.....	15
Statement of Net Assets - Proprietary Fund.....	16
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund.....	17
Statement of Cash Flows - Proprietary Fund.....	18 - 19
Notes to Financial Statements	20 - 31
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund.....	32
Note to Budgetary Comparison Schedule.....	33



ACCOUNTANTS' REVIEW REPORT

The Mayor and City Council
Plymouth Town
Plymouth, Utah

Certified Public Accountants, L.C.

547 South Main
P.O. Box 369
Brigham City, Utah 84302
435-723-5224

216 East Main
Tremonton, Utah 84337
435-257-5486

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities and each major fund, which collectively comprise the basic financial statements of Plymouth, Utah, as of and for the year ended June 30, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

All information included in these financial statements is the representation of the management of Plymouth Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 2 through 8 and 31 and 32, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

A handwritten signature in cursive script that reads 'Davis & Bott'.

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
January 16, 2007

**Plymouth Town
Management's Discussion and Analysis
For the Year Ended June 30, 2006**

As management of Plymouth, Utah, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2006.

FINANCIAL HIGHLIGHTS

- A. The assets of the Town exceeded its liabilities at June 30, 2006, by \$1,129,207. Of this amount, unrestricted net assets of \$149,085 may be used to meet the Town's ongoing obligations to citizens and creditors.
- B. The total net assets decreased by \$14,324 from the prior year. This resulted from a decrease of \$28,121 associated with governmental activities and an increase of \$13,797 with business-type activities.
- C. As of the close of the fiscal year ended June 30, 2006, the Town's general fund reported an ending balance of \$8,285, an increase of \$55,488 in comparison with the prior year. Of this amount, \$(98,702) was unreserved and \$106,987 has been reserved due to legal restrictions involving parties outside the financial reporting entity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

See Accountants' Report

Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006

The statement of activities presents information showing how the Town's net assets changed during the fiscal year ended June 30, 2006. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, parks and recreation. The business-type activities of the Town consist of culinary water.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at June 30, 2006. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

See Accountants' Report

Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006

The Town maintains only one governmental fund, the general fund. The Town adopts a one-year budget for the general fund. A budgetary comparison schedule has been provided.

Proprietary Funds. The Town maintains only one type of proprietary fund; namely, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the water utility fund.

Notes to the financial statements. The notes provide additional information that is essential to a fuller understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2006, the Town's assets exceeded liabilities by \$1,126,267. By far the largest portion of the Town's net assets (76 percent) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

See Accountants' Report

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006**

Plymouth Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 123,879	\$ 151,368	\$ 171,285	\$ 147,472	\$ 295,164	\$ 298,840
Capital assets	<u>662,806</u>	<u>667,465</u>	<u>218,026</u>	<u>235,957</u>	<u>880,832</u>	<u>903,422</u>
Total assets	<u>786,685</u>	<u>818,833</u>	<u>389,311</u>	<u>383,429</u>	<u>1,175,996</u>	<u>1,202,262</u>
Long-term liabilities outstanding	-	-	15,000	22,500	15,000	22,500
Other liabilities	<u>26,284</u>	<u>71,317</u>	<u>8,445</u>	<u>8,860</u>	<u>34,729</u>	<u>80,177</u>
Total liabilities	<u>26,284</u>	<u>71,317</u>	<u>23,445</u>	<u>31,360</u>	<u>49,729</u>	<u>102,677</u>
Net assets:						
Investment in capital assets, net of related debt	662,806	654,465	195,526	205,957	858,332	860,422
Restricted	118,850	111,800	-	-	118,850	111,800
Unrestricted	<u>(21,255)</u>	<u>(18,749)</u>	<u>170,340</u>	<u>146,112</u>	<u>149,085</u>	<u>127,363</u>
Total net assets	<u>\$ 760,401</u>	<u>\$ 747,516</u>	<u>\$ 365,866</u>	<u>\$ 352,069</u>	<u>\$ 1,126,267</u>	<u>\$ 1,099,585</u>

The restricted portion of the net assets \$118,850 (11 percent) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets of \$149,085 (13 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

At June 30, 2006, the Town was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental and business-type activities, except unrestricted for its governmental activities.

See Accountants' Report

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006**

Plymouth Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for						
services	\$ 43,586	\$ 58,163	\$ 40,857	\$ 37,518	\$ 84,443	\$ 95,681
Operating grants						
and contributions	33,253	28,089	-	-	33,253	28,089
General revenues:						
Other taxes	43,208	39,100	-	-	43,208	39,100
Other	<u>2,166</u>	<u>552</u>	<u>3,509</u>	<u>2,955</u>	<u>5,675</u>	<u>3,507</u>
Total revenues	<u>143,044</u>	<u>125,904</u>	<u>44,366</u>	<u>40,473</u>	<u>187,410</u>	<u>166,377</u>
Expenses:						
General government	57,563	55,415	-	-	57,563	55,415
Public safety	39,043	38,174	-	-	39,043	38,174
Streets and public						
works	28,644	874	-	-	28,644	874
Parks and recreation	45,154	36,200	-	-	45,154	36,200
Interest on long-term						
debt	761	1,557	-	-	761	1,557
Water utility	<u>-</u>	<u>-</u>	<u>30,569</u>	<u>37,372</u>	<u>30,569</u>	<u>37,372</u>
Total expenses	<u>171,165</u>	<u>132,220</u>	<u>30,569</u>	<u>37,372</u>	<u>201,734</u>	<u>169,592</u>
Increase (decrease)						
in net assets	(28,121)	(6,316)	13,797	3,101	(14,324)	(3,215)
Net assets beginning	747,516	753,832	352,069	348,968	1,099,585	1,102,800
Prior period adjustment	<u>41,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,006</u>	<u>-</u>
Net assets ending	<u>\$ 760,401</u>	<u>\$ 747,516</u>	<u>\$ 365,866</u>	<u>\$ 352,069</u>	<u>\$ 1,126,267</u>	<u>\$ 1,099,585</u>

See Accountants' Report

Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006

Governmental and Business-Type Activities. Governmental activities decreased the Town's net assets by \$28,121. When combined with the \$13,797 increase in net assets from business-type activities, overall net assets decreased by \$14,324 or 1 percent.

The decrease in governmental net assets was mainly due to funds withheld by the state. The increase in the business-type activities was consistent with the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds. The purpose of the Town's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at June 30, 2006.

The general fund is the Town's chief operating fund. At June 30, 2006, unreserved fund balance of the general fund was \$(98,702) and the reserved fund balance was \$106,987. The total general fund balance represented 5 percent of total general fund expenditures. The fund balance of the Town's general fund increased by \$55,488 during the fiscal year ended June 30, 2006. This increase was mainly due to sales tax and Class "C" revenue being released by the State.

The water utility fund's net assets increased by \$13,797. This was due mainly to trying to accumulate funds for future system improvements.

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006**

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the fiscal year ended June 30, 2006, was not amended. The budget for property tax, sales tax and Class "C" road monies was based on the anticipated amount for the fiscal year ended June 30, 2006. Property taxes continued to be held back by the state of Utah even after the Town complied with state requirements. Sales tax and Class "C" road money held back for the past two years was released in the fiscal year ended June 30, 2006. Public safety, streets and public works, debt service, and parks and recreation budgets were overspent mainly due to insufficient budgeting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities at June 30, 2006, amounted to \$880,832 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, equipment, roads and similar infrastructure. The total decrease in the Town's investment in capital assets for the fiscal year ended June 30, 2006, was \$22,590 (a decrease of 1 percent for governmental activities and a decrease of 8 percent for business-type activities).

**Plymouth Town's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 5,000	\$ 5,000	\$ 13,500	\$ 13,500	\$ 18,500	\$ 18,500
Buildings	341,658	349,976	-	-	341,658	349,976
Improvements other than buildings	22,488	19,322	204,526	222,457	227,014	241,779
Equipment	<u>293,660</u>	<u>293,167</u>	<u>-</u>	<u>-</u>	<u>293,660</u>	<u>293,167</u>
Net capital assets	<u>\$ 662,806</u>	<u>\$ 667,465</u>	<u>\$ 218,026</u>	<u>\$ 235,957</u>	<u>\$ 880,832</u>	<u>\$ 903,422</u>

Additional information on the Town's capital assets can be found in Note 3 on pages 27 and 28 of this report.

See Accountants' Report

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2006**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town received three years' worth of sales tax and Class "C" road money in the fiscal year ended June 30, 2006. Therefore, these revenues should be greatly reduced in the fiscal year ending June 30, 2007.

The Town plans to receive property taxes that have been held by the state of Utah for the last three years. Four years of property taxes are expected to be received in the fiscal year ending June 30, 2007.

See Accountants' Report

Plymouth Town
Statement of Net Assets
June 30, 2006

	Primary Government		
	<u>Governmental</u>	<u>Business-</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 20,363	\$166,095	\$ 186,458
Accounts receivable - net	-	5,190	5,190
Intergovernmental receivable	103,516	-	103,516
Capital assets (net of accumulated depreciation)			
Land	5,000	13,500	18,500
Buildings	341,658	-	341,658
Improvements	22,488	204,526	227,014
Equipment	293,660	-	293,660
Total assets	<u>786,685</u>	<u>389,311</u>	<u>1,175,996</u>
LIABILITIES			
Accounts payable and accrued liabilities	12,077	945	13,022
Deferred revenue	14,207	-	14,207
Current portion of long-term debt	-	7,500	7,500
Revenue bonds payable	-	15,000	15,000
Total liabilities	<u>26,284</u>	<u>23,445</u>	<u>49,729</u>
NET ASSETS			
Invested in capital assets, net of related debt	662,806	195,526	858,332
Reserved for Class "C" roads	118,850	-	118,850
Unrestricted	<u>(21,255)</u>	<u>170,340</u>	<u>149,085</u>
Total net assets	<u>\$760,401</u>	<u>\$365,866</u>	<u>\$1,126,267</u>

See accompanying notes and Accountants' Report

Plymouth Town Statement of Activities For the Year Ended June 30, 2006

				Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities:								
General government	\$ 57,563	\$ 2,580	\$ -	\$ -	\$ (54,983)	\$ -	\$ (54,983)	
Public safety	39,043	15,142	576	-	(23,325)	-	(23,325)	
Highways and streets	28,644	-	32,677	-	4,033	-	4,033	
Parks and recreation	45,154	25,864	-	-	(19,290)	-	(19,290)	
Interest on long- term debt	761	-	-	-	(761)	-	(761)	
	171,165	43,586	33,253	-	(94,326)	-	(94,326)	
Business-type activities:								
Water utility	30,569	40,857	-	-	-	10,288	10,288	
Total primary government activities	\$ 201,734	\$ 84,443	\$ 33,253	\$ -	(94,326)	10,288	(84,038)	
General revenues:								
Taxes:								
Property taxes					20,831	-	20,831	
General sales and use taxes					43,208	-	43,208	
Unrestricted investment earnings					2,166	3,509	5,675	
Total general revenues					66,205	3,509	69,714	
Change in net assets					(28,121)	13,797	(14,324)	
Net assets - beginning					747,516	352,069	1,099,585	
Prior period adjustment					41,006	-	41,006	
Net assets - ending					\$ 760,401	\$ 365,866	\$ 1,126,267	

See accompanying notes and Accountants' Report

Plymouth Town
Balance Sheet - Governmental Fund
For the Year Ended June 30, 2006

	General <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 20,363
Receivables (net):	
Property tax	76,043
Sales tax	15,605
Class "C" road	<u>11,868</u>
 Total assets	 <u>\$ 123,879</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 12,077
Deferred revenue	<u>103,517</u>
 Total liabilities	 <u>115,594</u>
Fund balances:	
Reserved for Class "C" roads	106,987
Unreserved	<u>(98,702)</u>
 Total fund balances	 <u>8,285</u>
 Total liabilities and fund balances	 <u>\$ 123,879</u>

See accompanying notes and Accountants' Report

Plymouth Town
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Assets
June 30, 2006

Total fund balances - governmental fund types	\$ 8,285
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	662,806
Revenues not considered available are deferred in the funds.	<u>89,310</u>
Net assets of government activities	<u>\$ 760,401</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Fund
For the Year Ended June 30, 2006

	General <u>Fund</u>
Revenues:	
Taxes	
Property	\$ -
Sales	102,820
Licenses and permits	3,609
Intergovernmental	86,422
Charges for services	39,977
Interest income	2,166
Total revenues	<u>234,994</u>
Expenditures:	
Current:	
General government	49,500
Public safety	27,459
Streets and public works	27,794
Parks and recreation	60,992
Debt service:	
Principal retirement	13,000
Interest and fiscal charges	761
Total expenditures	<u>179,506</u>
Excess of revenues over (under) expenditures	<u>55,488</u>
Fund balance at July 1, 2005	<u>(47,203)</u>
Fund balance at June 30, 2006	<u>\$ 8,285</u>

See accompanying notes and Accountants' Report

Plymouth Town
Reconciliation of Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - governmental fund	\$ 55,488
--	-----------

The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in current period.	(4,659)
---	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(91,950)
--	----------

The issuance of long-term debt (e.g. bonds, leases, etc.) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>13,000</u>
--	---------------

Change in net assets of governmental activities	<u>\$ (28,121)</u>
---	--------------------

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Net Assets - Proprietary Fund
June 30, 2006

	<u>Enterprise Fund</u> <u>Water Utility</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 166,095
Accounts receivable	<u>5,190</u>
Total current assets	<u>171,285</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land	13,500
Improvements	<u>204,526</u>
Total capital assets	<u>218,026</u>
Total assets	<u>389,311</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	945
Current portion of long-term debt	<u>7,500</u>
Total current liabilities	<u>8,445</u>
Noncurrent liabilities:	
Loan payable - revenue bonds	<u>15,000</u>
Total noncurrent liabilities	<u>15,000</u>
Total liabilities	<u>23,445</u>
NET ASSETS	
Invested in capital assets, net of related debt	195,526
Unrestricted	<u>170,340</u>
Total net assets	<u>\$ 365,866</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Fund
For the Year Ended June 30, 2006

	<u>Enterprise Fund</u> <u>Water Utility</u>
Operating revenues:	
Sales	\$ 37,457
Hook-up fees	<u>3,400</u>
Total operating revenues	40,857
Operating expenses:	
Wages and benefits	2,660
Materials and supplies	6,329
Utilities	1,911
Depreciation	17,931
Miscellaneous	<u>1,738</u>
Total operating expenses	30,569
Operating income	10,288
Nonoperating revenues (expenses)	
Interest revenue	<u>3,509</u>
Change in net assets	13,797
Total net assets - beginning	<u>352,069</u>
Total net assets - ending	<u>\$ 365,866</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2006

	<u>Enterprise Fund</u> <u>Water Utility</u>
Cash flows from operating activities:	
Receipts from customers	\$ 40,495
Payments to suppliers	(10,393)
Payments to employees	<u>(2,660)</u>
Net cash provided by operating activities	<u>27,442</u>
Cash flows from noncapital financing activities:	
Return of loan from other fund	<u>52,666</u>
Cash flows from capital and related financing activities:	
Principal paid on capital debt	<u>(7,500)</u>
Cash flows from investing activities:	
Interest and dividends received	<u>3,509</u>
Net increase in cash and cash equivalents	76,117
Cash and cash equivalents - beginning	<u>89,978</u>
Cash and cash equivalents - end	<u>\$ 166,095</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Cash Flows - Proprietary Fund (Continued)
For the Year Ended June 30, 2006

	<u>Enterprise Fund</u> <u>Water Utility</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>10,288</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	17,931
Decrease (increase) in accounts receivable	(362)
(Increase) decrease in accounts payable	<u>(415)</u>
Total adjustments	<u>17,154</u>
 Net cash provided by operating activities	 \$ <u><u>27,442</u></u>

See accompanying notes and Accountants' Report

Plymouth Town
Notes to Financial Statements
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Plymouth, Utah, is governed by an elected mayor and a four-member council. These financial statements are presented in accordance with generally accepted accounting principles.

B. Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. All individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Town are reported as a reduction of the related liability rather than an expenditure in the government-wide financial statements.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The government has the following fund types:

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available when collected. Expenditures are recorded when the related fund liability is incurred.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town's only governmental fund is the general fund. The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Town has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town has only one proprietary fund, the water utility fund, which delivers culinary water to Town citizens.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with the original maturities of three months or less from the date of acquisition.

E. Capital Assets

Capital assets used in governmental fund type operations are accounted for in the governmental activities column in the statement of net assets, but not in governmental funds. Governmental capital assets consisting of certain improvements other than buildings, including roads, bridges, streets, drainage systems and lighting systems placed in service prior to June 30, 2003, have not been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible capital assets is charged as an expense against its operations in the government-wide financial statements and the proprietary fund financial statements. Accumulated depreciation is reported on the government-wide and proprietary fund statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Water system	30 years
Equipment	3 - 20 years

F. Restricted Net Assets

It is the policy of the Town that when an expense can be applied against restricted or unrestricted net assets that it be applied first to restricted assets.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Budget and Budgetary Accounting

The Town follows the budget and budgetary accounting procedures established by Utah law and described in the Uniform Accounting Manual for Utah Cities and Towns with some exceptions.

I. Financial Statement Presentation, Measurement Focus and Basis of Accounting

As of and for the year ended June 30, 2005, the Town implemented the Governmental Accounting Standards Board pronouncements No. 34, 36, 37 and 38. These pronouncements are related to the new financial reporting requirements for all state and local governments. Significant changes can be found in the notes to the basic financial statements, the newly required management's discussion and analysis, and the basic financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Town follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the deposit of the Town's funds in a qualified depository.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

A. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2006, the Town's carrying amount of deposits was \$186,458 and the bank balance was \$190,506. Of the bank balance, \$100,000 was covered by federal depository insurance and \$90,506 was uncollateralized.

B. Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Town's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers or directly with issuers of the investment securities.

These statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund. The Town had no investments during the fiscal year ended June 30, 2006.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits and fixed rate corporate obligations to 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

D. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council, as applicable.

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2006:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets being depreciated:				
Buildings	413,278	-	-	413,278
Improvements	20,921	4,223	-	25,144
Machinery and equipment	<u>346,773</u>	<u>22,133</u>	<u>-</u>	<u>368,906</u>
Total capital assets being depreciated	<u>780,972</u>	<u>26,356</u>	<u>-</u>	<u>807,328</u>
Less accumulated depreciation:				
Buildings	63,302	8,318	-	71,620
Improvements	1,599	1,057	-	2,656
Machinery and equipment	<u>53,606</u>	<u>21,640</u>	<u>-</u>	<u>75,246</u>
Total accumulated depreciation	118,507	31,015	-	149,522
Total capital assets being depreciated - net	<u>662,465</u>	<u>(4,659)</u>	<u>-</u>	<u>657,806</u>
Governmental activities capital assets - net	<u>\$667,465</u>	<u>\$ (4,659)</u>	<u>\$ -</u>	<u>\$662,806</u>

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 3. CAPITAL ASSETS (Continued)

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Capital assets being depreciated:				
Improvements	<u>537,924</u>	<u>-</u>	<u>-</u>	<u>537,924</u>
Less accumulated depreciation:				
Improvements	<u>315,467</u>	<u>17,931</u>	<u>-</u>	<u>333,398</u>
Business-type activities capital assets - net	<u>\$235,957</u>	<u>\$ (17,931)</u>	<u>\$ -</u>	<u>\$218,026</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 8,063
Public safety	16,842
Streets and public works	850
Parks and recreation	<u>5,260</u>
Total depreciation expense governmental activities	<u>\$ 31,015</u>

Business-Type Activities:

Water utility	<u>\$ 17,931</u>
---------------	------------------

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 4: LONG-TERM DEBT

Proprietary Fund:

Revenue Bond:

Water bond in the amount of \$150,000 due in twenty (20) annual installments of \$7,500 through January, 2009; no interest unless payment is delinquent.

Balance at June 30, 2006	\$22,500
Current portion	<u>(7,500)</u>
	<u>\$ 15,000</u>

General Fund:

General Obligation Bond:

On May 9, 1996, the Town financed the construction of a public building with general obligation bonds; original issue was \$100,000. This debt is payable in annual principal installments ranging from \$8,000 to \$13,000 plus interest with a rate ranging from 5.10 percent to 5.85 percent. Bonds are callable on or any time after May 1, 2001.

Changes in Long-Term Liabilities:

During the year ended June 30, 2006, the following changes occurred in long-term debt liabilities:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Amounts due within one year
General obligation bond	<u>\$13,000</u>	<u>\$ -</u>	<u>\$13,000</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue bond	<u>\$30,000</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$22,500</u>	<u>\$ 7,500</u>

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 4: LONG-TERM DEBT (Continued)

Debt Service Requirements

The debt service requirements, including interest and principal, for long-term debt at June 30, 2006, are as follows:

Year Ending <u>June 30</u>	Proprietary Fund
	<u>Principal and Total</u>
2007	\$ 7,500
2008	7,500
2009	7,500
Thereafter	<u>-</u>
	<u>\$ 22,500</u>

NOTE 5. RESERVATION/DESIGNATION OF FUND EQUITY

The reserved fund balance in the general fund is money received from the state as Class "C" road money that has not been spent. The water fund has designated \$14,781 to pay future payments on the revenue bond.

NOTE 6. PROPERTY TAX

Property taxes attached as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. Property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the fiscal year ended June 30, 2006. This policy meets the criteria of GASB.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2006

NOTE 7. RISK MANAGEMENT

Plymouth, Utah, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to persons providing services to the Town; and natural disasters. All general liability, real property, vehicles, including heavy equipment and injuries to persons providing services to the Town are insured through the Utah Local Government Trust. Settled claims have not exceeded the Town's insurance. For insured programs, there have been no significant reductions in insurance coverage.

NOTE 8. STEWARDSHIP AND COMPLIANCE

The general fund had expenditures in excess of budget for the year ended June 30, 2006, in the following departments. This is a violation of state law.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Public safety	\$ 27,459	\$ 14,400	\$ 13,059
Streets and public works	\$ 27,794	\$ 20,000	\$ 7,794
Parks and recreation	\$ 60,992	\$ 10,000	\$ 50,992
Debt service	\$ 13,761	\$ 10,000	\$ 3,761

NOTE 9. PRIOR PERIOD ADJUSTMENTS

The prior period adjustments on the statement of activities is to correct the governmental fund's net assets that should have been recorded as revenues in previous years even though not received within 60 days of year end.

REQUIRED SUPPLEMENTARY INFORMATION

Plymouth Town
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes				
Property	\$ 32,000	\$ 32,000	\$ -	\$ (32,000)
Sales	32,000	32,000	102,820	70,820
Licenses and permits	2,000	2,000	3,609	1,609
Intergovernmental	27,000	27,000	86,422	59,422
Charges for services	44,000	44,000	39,977	(4,023)
Interest income	<u>4,000</u>	<u>4,000</u>	<u>\$ 2,166</u>	<u>(1,834)</u>
Total revenues	<u>141,000</u>	<u>141,000</u>	<u>234,994</u>	<u>93,994</u>
Expenditures:				
Current				
General government	51,365	51,365	49,500	1,865
Public safety	14,400	14,400	27,459	(13,059)
Streets and public works	20,000	20,000	27,794	(7,794)
Parks and recreation	10,000	10,000	60,992	(50,992)
Capital outlay	16,000	16,000	-	16,000
Debt service:				
Principal retirement	10,000	10,000	13,000	(3,000)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>761</u>	<u>(761)</u>
Total expenditures	<u>121,765</u>	<u>121,765</u>	<u>179,506</u>	<u>(57,741)</u>
Excess of revenues over (under) expenditures	19,235	19,235	55,488	36,253
Fund balance at beginning of year	<u>(47,203)</u>	<u>(47,203)</u>	<u>(47,203)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (27,968)</u>	<u>\$ (27,968)</u>	<u>\$ 8,285</u>	<u>\$ 36,253</u>

See Accountants' Report

Mr. Richard Moon

Office of the State Auditor

Utah State Capitol Complex

East Office Building, Suite E310

PO Box 142310

Salt Lake City, UT 84114

Dear Mr. Moon,

The following is our corrective action plan to help ensure that Plymouth Town's expenditures remain within budget on a yearly basis. First we are going to keep our financial records up to date throughout the year. This will help us identify areas where the expenditures are greater than expected. We are also going to have our finances reviewed by Davis & Bott CPA's near the end of the year to see if we are considering all items that need to be included in the budget, and to see if the budget in all departments and funds appears adequate.

The contact person for this plan is;

Barbara Vanderhoof

435-458-3707

5325 W 20300 N

Plymouth, UT 84330

We anticipate our plan will be completed by June 30, 2008.

Sincerely,

 7/31/07

Barbara Vanderhoof, town clerk

Plymouth Town, UT